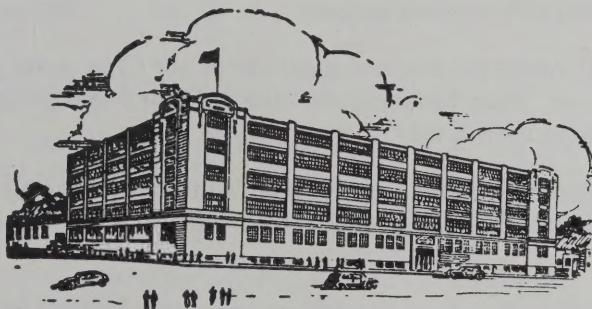


*See
Case Report*

WOOD ALEXANDER
LIMITED
HAMILTON — ONTARIO

Annual Report

January 31st, 1966



DIRECTORS

R. B. SUTHERLAND,
President

R. O. BERGHAMER,
Vice-President and Managing Director

J. I. WHITFORD,
Secretary-Treasurer

G. D. ANDERSON

J. B. CHEYNE

R. W. COOPER

B. F. DAVIDSON

WOOD ALEXANDER LIMITED

TO OUR SHAREHOLDERS:

A gratifying increase in both sales and profits were recorded for the fiscal year ended January 31, 1966.

Careful inventory control and more selective buying produced a better gross margin of profit. The significant improvement, however, is attributed to increased sales volume together with effective control of expenses.

The results compared with those of the prior fiscal year are as follows:

<u>TO</u> <u>JANUARY 31</u>	<u>PROFIT BEFORE</u> <u>INCOME TAX</u>	<u>PROVISION FOR</u> <u>INCOME TAX</u>	<u>NET</u> <u>PROFIT</u>
1966	173,409	85,402	88,007
1965	71,827	28,978	42,849

Net profits amounted to \$27.62 per outstanding Preferred share and after provision for a preferred dividend, were equivalent to 45 cents per Common share before payment of the 20 cent dividend.

Net increase to retained earnings amounted to \$38,584.00.

Crest stores contributed a major portion of our sales increase, with the Industrial and General Hardware divisions showing only nominal progress.

It is encouraging to report the continuing growth of our Crest stores group. Nine new stores were opened during the year. Since becoming affiliated with our stores program, many Crest dealers have doubled, and some have tripled, their annual sales.

With the new and more profitable lines being added to our Crest stores program, and with the development of improved merchandising techniques, we have every confidence that this progress will continue.

New stores continue to be added through an active development program, four new stores having already been opened in the current year. Emphasis is placed on careful selection to insure that the high standard of existing stores is maintained and enhanced.

The internal functions of your company are continually receiving careful attention. New developments and increased efficiency to provide better customer service are being accomplished and at the same time, firm control of operating costs is exercised.

Increased sales and sound operation assures further progress of your company.

Your Directors acknowledge with gratitude the loyalty and co-operation of our customers, employees and suppliers who have made possible the progress your company has enjoyed during the past year.

On behalf of the Board,

R. B. SUTHERLAND,
President.

Hamilton, Ontario
April 27th, 1966.

WOOD ALEXANDER LIMITED

(Incorporated under the Laws of Ontario)

BALANCE SHEET AS AT JANUARY 31, 1966

Assets

Current Assets:

Cash.....	\$	200	
Accounts Receivable — (Less Provision for Doubtful Accounts — \$25,000).....		754,649	
Inventories — at the lower of Cost or Net Realizable Value.....		1,416,775	
Prepaid Expenses.....		9,019	
		<hr/>	\$ 2,180,643
Investment — at Cost.....			170

Fixed Assets — at Cost

Land.....	\$	45,900	
Buildings and Equipment.....	\$	1,155,537	
Accumulated Depreciation.....		481,695	
		<hr/>	673,842
		<hr/>	\$ 719,742

Bond Discount — Unamortized (on Bonds still outstanding)..... 2,906

\$ 2,903,461

Liabilities

Current Liabilities:

Bank Overdraft.....	\$	251,504	
Accounts Payable and Accrued Liabilities.....		409,735	
Bond and Debenture Interest payable.....		2,720	
Sales and other Taxes payable.....		3,284	
Provision for Taxes on Income.....		66,242	
		<hr/>	\$ 733,485

Funded Debt:

First Mortgage Sinking Fund Bonds			
Authorized \$1,000,000			
Issued: 5% Series "A" due January 1, 1971.....	\$	750,000	
Less: Redeemed and Cancelled.....		513,500	
		<hr/>	\$ 236,500
General Mortgage Redeemable Debentures			
Authorized \$1,000,000			
Issued: 5½% Series "A" due January 1, 1976.....	\$	500,000	
Less: Redeemed and Cancelled.....		121,500	
		<hr/>	378,500
		<hr/>	\$ 615,000

Shareholders Equity:

Preferred Stock			
6% Cumulative Sinking Fund Preference Shares			
Authorized 9,187 shares of \$100 par value, redeemable at a price not exceeding \$105 (Note)			
Issued 3,187 Shares.....	\$	318,700	
Common Stock			
Authorized 200,000 Shares without nominal or par value.			
Issued 152,000 Shares.....		893,204	
Discount on Redemption of Preference Shares (including \$665 applicable to Shares redeemed during the year).....		8,682	
Retained Earnings.....		334,390	
		<hr/>	\$ 1,554,976
		<hr/>	<u>\$ 2,903,461</u>

Signed on behalf of the Board:

R. O. BERGHAMER, *Director*
J. I. WHITFORD, *Director*

NOTE: In accordance with the Letters Patent incorporating the Company, \$2,937 must be set aside as a Sinking Fund, on or before April 1, 1966, for the purchase of Preference Shares for cancellation.

WOOD ALEXANDER LIMITED

Statement of Earnings For the Year Ended January 31, 1966

Net Earnings before deducting the undernoted items.....		\$ 236,160
Directors' Fees.....	\$ 1,500	
Interest on Funded Debt.....	32,889	
Amortization of Bond Discount.....	591	
Provision for Depreciation.....	27,771	
		<u>62,751</u>
		\$ 173,409
Provision for Taxes on Income.....		<u>85,402</u>
Net Earnings for the year.....		<u>\$ 88,007</u>

Statement of Retained Earnings For the Year Ended January 31, 1966

Balance — January 31, 1965.....		\$ 295,806
Net Earnings for the year.....		<u>88,007</u>
		383,813
Discount applicable to Bonds Redeemed (net).....		<u>297</u>
		\$ 384,110
Dividends — Preference Shares.....	\$ 19,320	
— Common Shares.....	30,400	
		<u>\$ 49,720</u>
Balance — January 31, 1966.....		<u>\$ 334,390</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Wood Alexander Limited as at January 31, 1966 and the statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings, when read in conjunction with the note thereto, present fairly the financial position of the company as at January 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HAMILTON, FEBRUARY 14, 1966

McDONALD, CURRIE & CO.,
Chartered Accountants.